

**URGENT**



# Health Care

**...Pathways to Change**

An initiative by the  
University of California and  
Los Alamos National Laboratory

**Survey inside...**  
**Your way to have a say.**



*Office of the Director*

July 1, 2002

Dear Colleague:

Health care and its associated costs are issues that touch us all. They also are critical issues for the future of the Laboratory. For these reasons, I urge you to take the time to read the material in this booklet and to complete and return the enclosed survey.

“Health Care: Pathways to Change” is an initiative by the University of California and the Laboratory intended to manage changes to our health care benefits program so that it remains affordable to employees, retirees and the Laboratory, and continues to provide high-quality health care in the years ahead. Factors unique to the Los Alamos community, combined with the national problem of rapidly increasing health care costs, make this shared initiative – and your participation in it – especially important.

Returning your completed survey in the envelope provided by Friday, July 26, is a good way to ensure that your preferences and priorities become part of the process to define and implement necessary changes to the Laboratory’s health care program. As an alternative, you may complete and return the survey at [www.lanl.gov/health](http://www.lanl.gov/health) online. This web site contains additional information about the “Pathways to Change” initiative, offers a way for you to ask questions and submit comments about the initiative, and provides more information on health care and the problem of escalating costs.

I thank you for your attention to this important issue.

Sincerely,

A handwritten signature in black ink that reads 'John C. Browne'.

John C. Browne  
Director

JCB/jcl

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# Health Care



## ...Pathways to Change

### Costs on the rise... Here's why and how you can help

Changes are on the way for the Los Alamos National Laboratory's health insurance program, including the likelihood of sharp increases in employee and retiree costs.

The changes are in response to a nationwide trend in the cost of health care. After a period of relative stability in the mid-1990s, costs are increasing for 2003 at double-digit percentage levels for large employers—an average of 22 percent and as much as 94 percent in some cases, according to Hewitt Associates, a human resources consulting firm. As a result, plan members' contributions to their health care benefits are also on the rise.

In 2003, total plan costs at Los Alamos are expected to increase by approximately 25 percent and, because of budgetary restrictions on the level of UC contributions, plan member contributions are likely to increase by as much as 75 percent or more. Final rates will be known and communicated to plan members prior to November's open enrollment period.

The problem of rising health care costs also confronts the entire University of California system and has prompted a systemwide review of health care benefit programs. The problem poses a particular concern for the Lab because:

- Employees, retirees and their families may have to spend more of their disposable income on health care.
- The Lab may find it harder to attract and retain high-talent employees.
- The Lab may have to devote additional funds to health care rather than to programs essential to its mission.

To address the problem, UC and the Lab, with the support of the National Nuclear Security Administration, have embarked on an initiative called "Health Care: Pathways to Change." Its overall goal is to plan and prepare for cost increases and other changes in the Lab's health care program so that employees, retirees and their families will continue to have quality health care that both they and the Lab can afford in the years ahead.

An integral part of the joint initiative is to build employee, retiree and community awareness of the need to manage costs and other changes in the Lab's health benefits program—and to engage them in shaping the direction of the changes that will affect their future.

"It's too early to know exactly what changes will have to be made to the Los Alamos health care program," said Michele French, executive director for policy and program design in the Human Resources and Benefits department at UC's Office of the President.

"What we do know is this: Change is inevitable and increased costs will be part of that change. We also know that there's no single solution to the problem and that all parties are going to have to work together if we're going to gain the maximum benefit from available resources."

### Why costs are climbing

On the national level, these key factors are driving the trend toward higher health care costs:

- **New technology:** Unlike many industries, in health care new technology tends to increase rather than decrease costs.

### Sign of the times

The California Public Employees' Retirement System (CalPERS) announced recently that premiums for HMO plan members will increase by an average of 25 percent next year and the number of plan options will shrink.

The nation's second-largest purchaser of health care, CalPERS represents about 1.2 million California state employees, retirees and their dependents. It "sets the bar" for other purchasers because of its size and the early timing of its annual health care bidding process.

### Wellness on call...

Did you know that employees with Lab-provided health care have free, 24-hour access by phone to registered nurses on the staff at the Mayo Clinic? Based on the expertise and medical information available at the internationally acclaimed clinic, the nurses will assess symptoms, answer health questions and provide information that helps the caller determine appropriate care for illnesses or injuries.

For more information on how to use the Mayo Clinic service, employees should call Jessica Kiesel of Occupational Medicine at 5-4368.

## What you can do

**Be informed:** Understand the nature and complexity of the health care problem by following coverage in UC and Lab publications and in the general media; attend meetings and presentations on the issue; visit the Lab's "Pathways to Change" web site.

**Be active:** Ask questions, state your views, discuss the health care situation at presentations, meetings and other forums. Use the "Pathways to Change" web site to submit questions and comment—and remember to complete the survey currently being offered as part of the "Pathways to Change" initiative. The survey is one of the most effective ways to make sure your opinions and ideas become part of the health care program design process.

**Be well:** Take advantage of ways to better understand and address your own health care needs, such as advice hotlines, internet-based health information tools and wellness center services. See the "Pathways to Change" web site for useful links, information and services.

- **Prescription drug costs:** Expensive new drugs and direct-to-consumer advertising are two factors that have led to significant cost pressures.
- **Aging population:** The elderly, with greater needs for medical products and services, are a fast-growing segment of the population.
- **Provider requests for higher payment:** After a period of relatively moderate increases from both health plans and the government, many providers are now demanding substantial increases.

When the national factors combine with these characteristics unique to New Mexico and, more specifically, the Los Alamos area, the problem of rising costs becomes even more pronounced:

- **Geographic isolation:** This reduces the competitive pressures on both providers and health plans and leads to higher costs. Health care costs in Los Alamos County, for example, are 17 percent higher than the national average.
- **Limited health plan choices:** Relatively few health plans operate in New Mexico.
- **Well-educated and knowledgeable members:** Research indicates that active use of health care services goes up with more highly educated members.
- **Large retiree population:** The Lab has a higher percentage of retirees than any other UC location. In California, the UC system has three employees for each retiree; at Los Alamos, the ratio is two employees for each retiree.
- **More doctors and specialists than would be expected in a community the size of Los Alamos:** Studies show that a greater availability of providers tends to increase utilization.

- **More services provided by the hospital than would be expected in a community the size of Los Alamos:** The more services that are available, the more likely it is that they will be used. An American Hospital Association study has found that the state of New Mexico has the highest costs per inpatient day in the nation.

Because of the complexity of these factors, several related changes, both short- and long-term, will have to be phased in over time, beginning in 2003 and continuing through 2004. And although the exact changes that will be necessary in the Lab's health care program and when they will take place are currently being defined, it is clear that Lab employees and retirees—like their colleagues throughout the UC system—can expect their health care contributions to rise next year along with other program changes in 2004.

"We cannot continue the status quo," said Helga Christopherson, the Lab's director of human resources. "We are committed to providing cost-effective health care options, but the cost situation is driving us toward major changes. Working with UC and Los Alamos plan members, we hope to manage those changes to achieve the greatest benefit to all the parties concerned."

## Shared commitment, shared response

Underlying the "Pathways to Change" initiative is a commitment by UC and the Lab to continue to provide affordable, quality health care. An equally important UC/Lab commitment is to engage employees, retirees and their families, health care providers and the community at large in the process by educating them about the problem,

gathering information from members about their use of health care plans and soliciting suggestions for addressing the problem.

Some of these educational and feedback activities include:

- Conducting large- and small-group meetings, interviews and focus groups with a variety of individuals and groups.
- Establishing a web site dedicated to the “Pathways to Change” initiative that includes a way for employees and retirees to comment and ask questions about the initiative and health care costs in general.
- Placing articles about health care issues in Lab and retiree communications vehicles.
- Working with local and regional media to ensure that the community at large understands the problem.
- Conducting a survey of Lab employees and retirees—mailed to homes and available online—to gather information that UC and the Lab will use to evaluate how best to address the health care problem.

“This is an extremely important issue and we want to hear from employees, retirees and their families,” said the Lab’s Christopherson.

“If they want to have a say in the changes ahead, now is the time to learn about the issue and speak up. We have an opportunity right now to help shape the changes that will affect us and our families in coming years.”

### **Have questions or comments?**

### **Want to know more about the national health care scene and Los Alamos health care issues?**

### **Interested in wellness advice?**

Visit the “Pathways to Change” web site...

#### **For internal users:**

<http://int.lanl.gov/worklife/benefits/healthmatters.shtml>

#### **For external users:**

<http://www.lanl.gov/health>

### **FactFile: Health care**

Members of the Lab’s health care program currently contribute about 14 percent of total premium costs across each coverage category (single, two-party and family). Nationwide, average contributions are 15 and 20 percent for single coverage and 30 percent for family coverage.

Federal employees in New Mexico, other than postal workers, contribute about \$60 a month to health care coverage for an individual and \$150 to \$160 a month for family coverage in the HMOs available to them. The Lab HMO plan, by contrast, currently has member contributions of \$35 a month for individual and \$96 a month for family coverage.

At the current rate of growth, Lab health care costs for employees and retirees will double within five years.

# Welcome!

Thank you for taking the time to complete this “Health Care: Pathways to Change” survey. This is one of the best ways to make your preferences and priorities heard as the Lab works to address rising health care costs.

Your responses are completely confidential and a high-level summary of the survey findings will be published on the “Health Care: Pathways to Change” web site. Again, thank you for your time and participation.

**Remember: You can save time by taking this survey online at <http://www.lanl.gov/health>.**

## Survey instructions

To complete this printed survey:

- Tear out survey pages 6–10.
- Mark your answers directly on the survey sheets, checking a box to the left of your choice (unless otherwise instructed to fill in a ranking number or circle a choice).
- Return the survey in the enclosed postage-paid envelope by **Friday, July 26, 2002**.

To maintain confidentiality from this survey, please submit any questions about the survey or the “Health Care: Pathways to Change” initiative in general:

- Online at <http://www.lanl.gov/health>
- By mail: “Health Care: Pathways to Change”  
c/o HR Division – P124, Los Alamos National Laboratory, Los Alamos, NM 87545. Include your question(s), name and contact information.

## About your current coverage

### 1) What medical plan are you currently enrolled in?

- ☐ HMO  
☐ POS  
☐ Core

### 2) How long have you been in your current plan?

- ☐ Less than 1 year  
☐ 1 to 2 years  
☐ 2 or more years

### 3) Which coverage category are you enrolled in?

*Please check one.*

- ☐ Single  
☐ Two-party  
☐ Family

*Please check the box below if you or any of your enrolled family members have Medicare coverage.*

- ☐ Medicare

### 4) Does your spouse or domestic partner have access to health care coverage somewhere else?

- ☐ Yes  
☐ No  
☐ I don't have a spouse/partner

*If you answered “No” or “I don't have a spouse/partner,” please skip to Question 6.*

### 5) How do your spouse's/partner's benefits and monthly contributions compare to the Lab's?

*Please check one.*

- ☐ Benefits—Better  
☐ Benefits—About the same  
☐ Benefits—Not as good

*Please check one.*

- ☐ Monthly contributions—More expensive  
☐ Monthly contributions—About the same  
☐ Monthly contributions—Less expensive

**6) What is most important to you in choosing a health plan?** Please rank the three factors most important to you by placing a 1, 2 or 3 next to them (1 being most important).

- \_\_\_ Lower monthly contribution
- \_\_\_ Lower copayment and out-of-pocket costs
- \_\_\_ My doctors are part of plan network
- \_\_\_ No claim forms
- \_\_\_ Doctors or hospitals are close to home
- \_\_\_ Doctors or hospitals are close to work
- \_\_\_ Services that I need are covered
- \_\_\_ Other (Please specify.) \_\_\_\_\_

**7) What is most important to you in choosing a doctor or hospital?** Please rank the three factors most important to you by placing a 1, 2 or 3 next to them (1 being most important).

- \_\_\_ Part of plan network
- \_\_\_ Ability to schedule short-notice appointments
- \_\_\_ Geographically close to home
- \_\_\_ Geographically close to work
- \_\_\_ Availability of after hours/weekend appointments
- \_\_\_ Backup—other doctors in practice
- \_\_\_ Experience
- \_\_\_ Quality of care
- \_\_\_ Cost
- \_\_\_ Other (Please specify.) \_\_\_\_\_

**8) In the past 12 months, how many times have you seen...**

*a primary care physician?*

- ☐ Never
- ☐ 1 time
- ☐ 2–3 times
- ☐ 4–5 times
- ☐ More than 5 times

*a specialist?*

- ☐ Never
- ☐ 1 time
- ☐ 2–3 times
- ☐ 4–5 times
- ☐ More than 5 times

**9) Where do you live and where is your primary care physician located?**

*I live in...*

- ☐ Los Alamos
- ☐ Española
- ☐ Santa Fe
- ☐ Albuquerque
- ☐ Other (Please specify.) \_\_\_\_\_

*My primary care physician is in...*

- ☐ Los Alamos
- ☐ Española
- ☐ Santa Fe
- ☐ Albuquerque
- ☐ Other (Please specify.) \_\_\_\_\_

## Glossary of health care terms

**Please review these terms before continuing to Question 10.**

### Deductible

The amount you pay each calendar year before the health plan provides benefits.

### Coinsurance

The percentage of expenses that you and the health plan pay for covered services. For example, if the plan pays 80%, your coinsurance is 20%.

### Copayment

The set dollar amount you pay for a covered service. For example, you pay a \$20 copayment for an office visit.

### Out-of-Pocket Maximum

The maximum amount you pay each calendar year for covered expenses. When you reach your out-of-pocket maximum, the plan pays 100% of covered expenses.

## A look at health plan alternatives

The alternatives described in Questions 10–13 are *hypothetical only* and do not necessarily reflect what specifically is being considered for 2003 or beyond.

### 10) Following are four *hypothetical* combinations of changes to HMO monthly contributions and plan features compared to the Lab's current HMO plan.

*Please rank all four alternatives in order of preference, with 1 being your first choice and 4 being your last choice.*

**Alternative #1:** Your monthly contribution doubles but your copayments remain the same. \_\_\_\_\_

**Alternative #2:** Your monthly contribution goes up 50% but your copayments are higher than under Alternative #1. \_\_\_\_\_

**Alternative #3:** Your monthly contribution stays about the same, but you pay a \$250 deductible for health care before the plan pays and your copayments are higher than under Alternative #2. \_\_\_\_\_

**Alternative #4:** Your monthly contribution stays about the same, but you pay a \$750 deductible and 20% of all covered expenses (e.g.: office visits, emergency room and hospital admissions) until you reach the annual out-of-pocket maximum. \_\_\_\_\_

### 11) Which of the following *hypothetical* alternatives would you prefer?

*Please check only one.*

- ☐ The Lab offers an HMO with higher copayments for care delivered by Los Alamos doctors and hospitals than for care delivered outside of Los Alamos.
- ☐ The Lab offers two HMOs: one that offers access only to doctors/hospitals outside of Los Alamos and another that includes Los Alamos providers. While both HMOs have the same copayments, your monthly contribution is more than 20% higher for the option that includes Los Alamos doctors/hospitals.

### 12) All other things being equal, would you be open to enrolling in a health plan option administered by a carrier other than Blue Cross Blue Shield of New Mexico (e.g.: Cimarron, Lovelace or Presbyterian)?

- ☐ Yes
- ☐ No



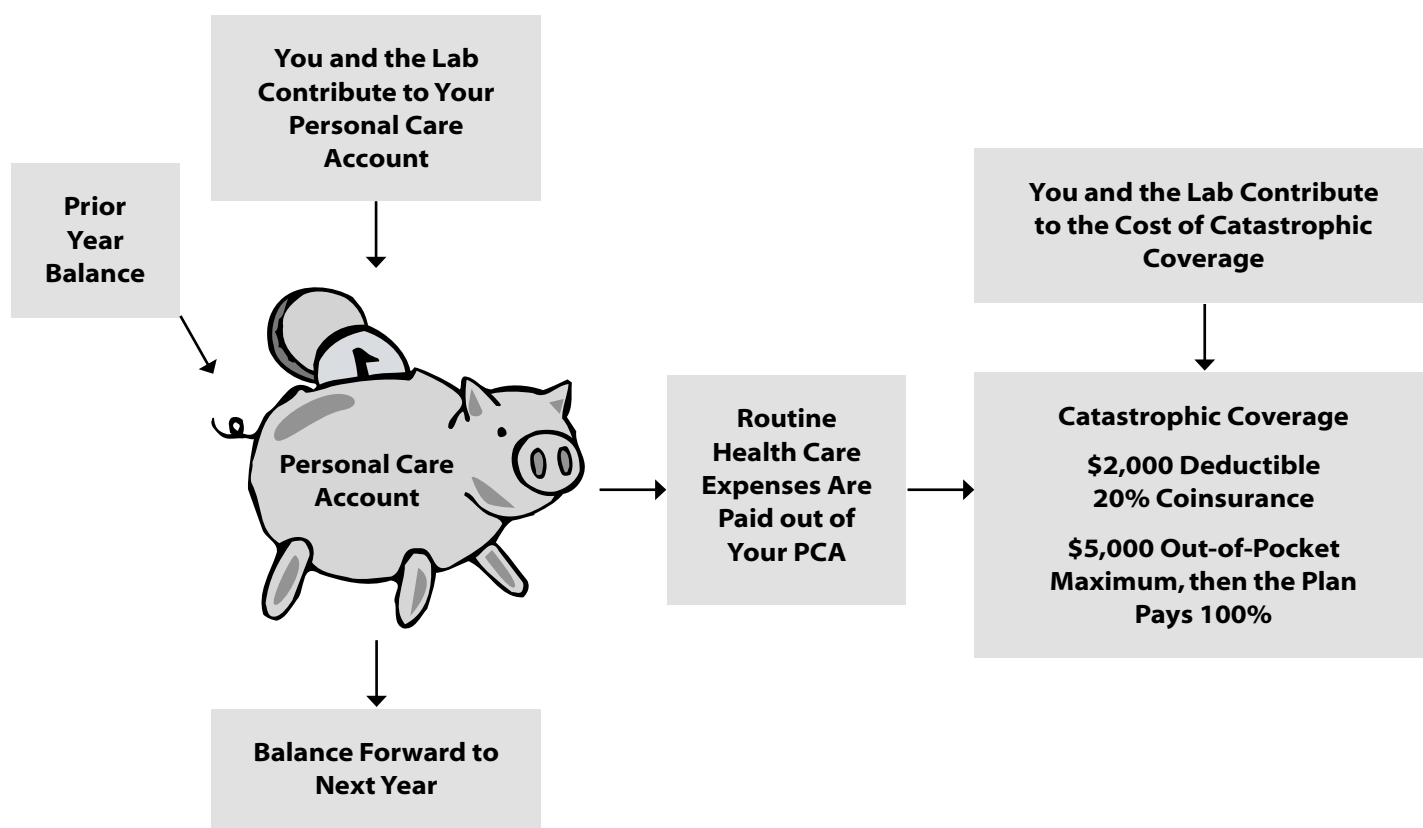
## A look at the consumer model alternative

Please read this overview before continuing to Question 13.

Many employers are considering some type of consumer model, which would give plan participants more personal responsibility and involvement in purchasing their health care. Where these plans are offered, they are usually in addition to other traditional plan options like the HMO.

Most consumer models work like this:

- A personal care account (PCA) is funded with pre-tax contributions from both you and the Lab. You use these funds to pay for routine health care expenses. Unlike a flexible spending account, you can carry over unused PCA funds to the next calendar year.
- If you use all of your PCA funds during the year, you'll automatically be covered by a catastrophic care plan supplemented by the Lab. You pay a high deductible and a percentage of coinsurance for covered expenses until you reach an out-of-pocket maximum. After that, the plan pays 100% of covered expenses.



**13) If the Lab added this type of model to your health plan options (in addition to the current options and no earlier than 2004), what would be your level of interest in participating?** Please indicate your interest on a scale of 1 to 5, by circling a number below, with 1 being very interested and 5 being not interested.

1	2	3	4	5
Very Interested				Not Interested

## Communications

### 14) How have you heard about "Health Care: Pathways to Change?"

*Please check all that apply.*

- ☐ Focus groups
- ☐ Newsbulletin articles
- ☐ Los Alamos Monitor articles
- ☐ Employee meetings
- ☐ Retiree meetings
- ☐ "Health Care: Pathways to Change" web site
- ☐ Coworkers
- ☐ I hadn't heard of it until this survey

### 15) How do you want to receive future information about this "Health Care: Pathways to Change" initiative? Please rank your top five preferences with 1 being your first choice and 5 being your last choice.

- \_\_\_ Large-group/"Town Hall" meetings
- \_\_\_ Brochures
- \_\_\_ Brown bag presentations
- \_\_\_ Bulletin boards
- \_\_\_ Electronic mail
- \_\_\_ Employee announcements/bulletins
- \_\_\_ Employee letters
- \_\_\_ Interactive media (e.g.: electronic kiosks)
- \_\_\_ Mailings to home
- \_\_\_ Management presentations
- \_\_\_ Newsletters
- \_\_\_ Inserts in paycheck envelopes
- \_\_\_ Posters
- \_\_\_ Videos
- \_\_\_ Voice mail
- \_\_\_ "Health Care: Pathways to Change" web site

## About you

### 16) What is your employment status?

- ☐ Employee
- ☐ Retiree

### 17) How long have you worked, or did you work, at the Lab?

- ☐ Less than 1 year
- ☐ 1–3 years
- ☐ 4–5 years
- ☐ 6–10 years
- ☐ 11–15 years
- ☐ More than 15 years

### 18) What is your age range?

- ☐ 18 to 24
- ☐ 25 to 34
- ☐ 35 to 44
- ☐ 45 to 54
- ☐ 55 to 64
- ☐ 65 to 74
- ☐ 75 or older

### 19) What is your gender?

- ☐ Female
- ☐ Male

**Thank you for taking the survey.**

**Please tear out the survey (pages 6–10) and return it in the enclosed postage-paid envelope by Friday, July 26, 2002.**





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